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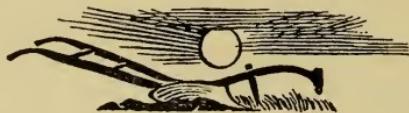
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Speech on .

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*The EDITH and LORNE PIERCE  
COLLECTION of CANADIANA*



*Queen's University at Kingston*

# SPEECH ON THE BUDGET

BY THE

# HON. SIR FRANCIS HINCKS,

MINISTER OF FINANCE, CANADA,

DELIVERED IN THE

HOUSE OF COMMONS, OTTAWA,

7TH APRIL, 1870.



OTTAWA :  
PRINTED BY HUNTER, ROSE & COMPANY.  
1870.



# SPEECH ON THE BUDGET.

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HOUSE OF COMMONS, OTTAWA,

THURSDAY, 7th May, 1870.

The House having resolved itself into Committee of Ways and Means,  
Col. Gray in the chair,

SIR FRANCIS HINCKS, Minister of Finance, addressed the Committee  
as follows:—

COL. GRAY.—Before proceeding to discharge the duty which devolves upon me of submitting to this Committee an exposition of the financial state of the Dominion, I think it necessary to advert very briefly to what I may almost call an irregularity, at all events a peculiarity, of the position in which I am placed in having to go into Committee of Ways and Means and making my financial statement in this particular way. I believe it is in accordance with strictly constitutional usage in England for the Chancellor of the Exchequer to make his financial statement after the House has been for some time in Committee of Supply, and after the supplies have been in great part voted. I have no doubt the hon. member for Chateauguay (Hon. Mr. Holton) knows that to be the practice. Well, Sir, unfortunately, considerable delay took place this year, as hon. members are perfectly aware and as I was frequently reminded, in bringing down the public accounts. I have no cause of complaint against hon. gentlemen opposite who expressed great anxiety about the public accounts for the year and found fault because they were not ready. I readily admit that they ought to have been ready earlier—that they should have been in the hands of hon. members on the opening of the session. I regret that they were not ready. I cannot charge myself, however, with any laxity in endeavoring to have them ready, nor can I charge it as a fault to the officers of the Department over which I preside, for considerable delay took place in the outside departments and the accounts were not ready as they ought to have been. That involved delay in the preparation of the estimates, and it was not thought desirable to bring them down until they were complete. Now, a practice has prevailed here which is contrary to the English practice, and which I think it expedient should be altered, namely, to delay bringing down the estimates until all of them, covering every branch of the public service, are ready, though it has been usual—and I dare say the usage will not be departed from—to bring down a supplementary estimate. (Hear, hear). There are many reasons which render

it impossible to bring down the entire estimates early in the session. I think it would be found more convenient, more conducive to the speedy despatch of the business of the House, to adopt the English practice not to wait till all of them are completed, but to bring them down as they may be ready, so as to go into Committee of Supply at the earliest possible period in the session. I have thought it necessary, Sir, to make this explanation. Hon. gentlemen opposite for some time past have been enquiring when the financial statement would be made, and I am considerably indebted to them for allowing me to take several motions *pro forma*, thus enabling me to explain sooner than I otherwise would have been able to do the financial position of the country. I have thought it advisable to make these few observations in explanation of the cause of the delay that has occurred in making this statement, and of the cause also why I now proceed to make it in Committee of Ways and Means without having taken any votes in Committee of Supply—that is, any votes of importance.

It has been usual, Sir, on occasions of this kind, I find on looking back, for the Finance Minister, in the course of his explanations, to review the general condition of the country. I do not propose to occupy the time of the Committee with any lengthy remarks upon that subject. I believe there is no reason to doubt that the country is in a state of prosperity and that it is amply able to meet all its obligations; and I would hardly have adverted to the subject at all were it not that on many occasions during the present session hon. members have made remarks which I very much regretted and which seemed to indicate a doubt as to the ability of the Dominion to meet its engagements, and have spoken as if there were a constant deficit of revenue as compared with the expenditure, and as if the country was in a very bad financial position. I believe, Sir, nothing of the kind. I believe the country is in a state of prosperity, perfectly able to meet all its obligations, and that there is no cause of complaint of excessive taxation. With reference to this question of deficits I would like to call attention to some observations made in his speech last session by the hon. gentleman who preceded me in my present office. He said :

“ We all know how serious, in the past, was the effect of the deficits “ which arose in the old Province of Canada for some years previous to the “ Union : and, in adverting to them, I am far from seeking to throw any “ reflection or blame on those who occupied in those years the position I “ now do, or to seek, by contrast, to laud the present Government at the “ expense of their predecessors. I know the peculiar difficulties in which “ former Finance Ministers found themselves. Neither my honorable friend “ opposite (Hon. Mr. Holton), nor my honorable friend, the member for “ Sherbrooke (Hon. Mr. Galt) had that amount of support in the House “ or the country which would have enabled them to bring down those “ measures of taxation which would have been necessary under such cir- “ cumstances. Parties were so equally balanced, that to have carried the “ measures necessary to equalise the revenue and expenditure would have “ been found a peculiarly difficult task.”

Now, I do not pretend to say—it would not be proper for me to say, not having been in the country at the time—whether that is a correct statement of the case, or whether the true cause for those deficits has been assigned; but that is the statement with reference to the past made by my predecessor in office. I do not intend to trouble myself or the Committee by advertizing to anything that took place prior to the union of the Provinces; but I apprehend that it was then chiefly that those deficits occurred to which reference has been made on more than one occasion during the present session. But with regard to the means of the country,—with regard to its ability to discharge all its liabilities—and with regard to its taxation, I would desire to say a few words, and to institute a comparison between its condition and the condition of other countries with which we are acquainted. I find, Sir, if we take Great Britain, that the debt of that country is about \$135 per head of the population. The debt of the United States is about \$60 per head. I may here observe that although the ratio of debt is lower in the case of the United States than in that of Great Britain, it would be unfair to estimate the burdens of the people according to the same ratio, for it is perfectly well known that the debt of England carries a very small rate of interest, while the debt of the United States carries a large rate. Now, Sir, while the debt of those countries is what I have stated, the debt of Canada is about \$22.50 per head of the population. (Hear, hear.) Then, again, taxation in Great Britain is at the rate of about \$10 per head, and in the United States about \$9.25, while in Canada it is only about \$3.50. I do not think, bearing these figures in mind, that we need be afraid of any slight increase of taxation which it may be necessary to impose upon the people in order that there shall not be the least cause to apprehend deficits in the future. (Hear, hear.) I find, too, that if we take the Customs Revenue of the United States, it is about \$4.50 per head of the population, while the Customs Revenue of Canada is about \$2. I may be permitted to draw attention to the remarkable point, that although our customs contributions appear to be large in proportion to those of the United States, hon. gentlemen will see just now, when I draw a comparison between the internal revenue of the two countries, that the revenue from customs approaches more nearly, although still very far below that of the United States, than the internal revenue does. And the reason of that is obvious. The United States have such high protective duties upon everything imported, that importations are much reduced, and the customs revenue per head does not come up as in Canada, where on leading articles the duties are much lower. The internal revenue of the United States is about \$4 per head of the population, whereas in Canada the excise revenue is only about 67 cents per head.

I have thought it advisable, Sir, to preface the statement I am about to make in reference to the operations of the year now some months terminated, with these general remarks with regard to the position of the country and its financial condition, its ability to meet all its obligations,

and with regard to the burdens imposed upon the people as compared with the burdens borne by the public in the countries to which I have referred. I might add while speaking of other countries, that I have lately resided in a colony where certainly the people, taking them altogether, do not in any way compare in wealth, intelligence or skilled industry, with the people of this country; and yet the people of that colony—the colony of British Guiana—which enjoys a great degree of prosperity, pay taxes at considerably more than double the rate per head paid in Canada, and they pay it cheerfully and without the slightest difficulty. (Hear, hear.)

I will now proceed to state the result of the operations of the last financial year—I refer, of course, to the year 1868–69. But first I will draw the attention of the committee to the previous year, ending on the 30th of June, 1868, which was referred to in his speech last session by Sir John Rose; and I do so merely to make a comparison between the results of that and of the subsequent year. The revenue of 1868 was \$13,835,460, but in estimating the revenue of the following year, Sir John Rose put it at \$15,114,000, of which he calculated the customs would contribute \$9,100,000, and the excise \$5,114,000.

Last session, after several months of the year had elapsed, when he came to make his estimates, he found the estimate of revenue had been excessive, and that there was likely to be a very considerable deficiency; but he stated to the House that when he became aware of the fact that there was likely to be a very great deficiency every effort had been made by the Government to reduce expenditure in all the departments, so as to provide that the expenditure should not be in excess of the revenue. When he made the revised estimate of revenue for 1869, instead of taking the old estimate which was \$15,114,000, he estimated it at \$13,744,656. In this estimate, it may be observed, he included items which I shall probably, in my subsequent remarks have occasion to allude to—items which I have no doubt were not calculated at the time of the original estimate. If, however, the \$500,000 received from the Great Western Railway were not to be treated as revenue—there would be a very considerable difference in the result.

HON. MR. HOLTON.—Hear, hear.

SIR FRANCIS HINCKS.—My hon. friend calls “hear, hear,” and no doubt he will be prepared to shew at the proper time that this item ought not to be considered in the revenue of the year. But I don’t know if I can take a better opportunity than the present for disposing of the question. I took the trouble to look up a precedent, and I hold in my hand an authority—for the transaction to which I am about to refer was of a very similar kind. The authority, I am sure must, be satisfactory to all gentlemen on the other side of the House, as it be to those on this—it is no less an authority than the present Prime Minister of England. There was an occasion in 1860, when he was in trouble with regard to the Budget, and found himself likely to be short, and he announced to the House that

deliverance had come from a quarter not expected, for the Spaniards had remitted a debt of £500,000. I think that the deliverance which Mr. Gladstone was so happy to receive in the payment of this debt, is very analogous to the deliverance of my predecessor by the Great Western Railway when the revenue had fallen very short indeed, and he found he was likely to receive this amount. Many other precedents might be adduced of moneys which cannot be calculated as part of ordinary revenue of the year, being paid in and nevertheless treated as available ways and means.

HON. MR. HOLTON.—Oh yes, but still it is not revenue.

SIR F. HINCKS.—In the revenue which appears in Sir John Rose's revised estimates is included, of course, the Great Western Railway's money, the sum was \$13,744,656, the actual receipts \$14,485,139, from which I deduct an amount arising from the transactions in the Intercolonial Railway Loan, \$551,082, leaving a surplus of \$189,401.57

MR. MACKENZIE.—This is taking credit also for the Great Western amount?

HON. MR. HOLTON.—The hon. gentleman does not mean the actual surplus, but the surplus upon Sir John Rose's revised estimates.

SIR FRANCIS HINCKS.—I have no desire to keep anything back, but perhaps it would be better if the hon. gentlemen opposite would let me finish the whole statement, taking of course the amount of the Great Western money, for Sir John Rose calculated on this as part of his ways and means—we find a gross surplus of \$396,333, viz.: on Customs, \$268,517, and miscellaneous, \$128,416, while the loss on Excise must be deducted, so that the net surplus on Mr. Rose's calculations was \$210,258. There appears to have been some omission of figures in his reported speech, for the exact surplus was \$189,401. We have now to consider the expenditure of the same year. I have shewn that the revenue of my predecessor was in excess of his calculations, but I am sorry I cannot say that his expenditure was as low as he calculated upon. But it must be borne in mind, and it is only fair to put this strongly before the Committee—that we are dealing now with what we may call his revised estimated expenditure, and not with the estimates that were voted by Parliament the previous session—and in the revised estimates he had gone over all the departments and done his utmost to bring down the expenditure to the lowest possible point. I am afraid it is a very difficult thing indeed for a Finance Minister to accomplish so large a saving in expenditure as my predecessor thought he was able to do. The expenditure, according to the original estimates, was \$14,032,756; while the revised estimates stated it at \$13,470,624; making an estimated saving of \$562,131. The actual expenditure was \$14,144,029; but from that, however, I have to deduct what honorable gentlemen will say I am justified in doing—namely, the specific charge on the Intercolonial Railway Loan, \$170,641, and that being deducted, we have an actual expenditure of \$13,973,408, shewing an excess of \$502,783 on the revised estimate.

The final result is:—

Actual revenue.....	\$13,934,057 57
Expenditure.....	13,973,408 00

Shewing a deficiency of.....	39,350 43
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But we have a gain on the Intercolonial transaction of...	551,082 00
Less management.....	170,641 00

Surplus.....	\$ 380,441 00
From which deduct the deficiency, and the final result is a surplus of.....	341,090 57

There is another fact which I want to point out, namely, that in the returns of the transactions of that year, to which I have no doubt from what I heard in another place, exception will be taken, it seems we have items which are included in the Public Works account, but which have not been charged to the ordinary expenditure of the year.

HON. MR. HOLTON and Mr. MACKENZIE—(Hear, hear.)

The question of classifying Public Works into those chargeable to ordinary revenue and those to capital account has always been one of very considerable difficulty. There are a great many services which really are of a debateable character, but for my own part I think it exceedingly desirable that it should always be clearly understood when the estimates are being voted what services are to be charged to the ordinary revenue of the year, and what to construction account, and which may be provided for from other sources. There are certain services about which there can be no difference of opinion. For instance, no one would for a moment imagine that this country would undertake to construct such works as the Intercolonial Railway, the Welland Canal, and many other works of that kind, out of the ordinary revenue of the country. On the other hand no one would pretend to charge to construction account, or to any other than the ordinary revenue, a great variety of services that come under the head of Public Works. But there are a number of services of a doubtful character.

HON. MR. HOLTON.—Salaries, for instance.

Sir FRANCIS HINCKS.—The salaries to which my hon. friend advertises are, I think, salaries in connection with the construction of works properly chargeable to capital account.

MR. MACKENZIE.—No.

HON. MR. HOLTON.—The Welland Canal?

Sir FRANCIS HINCKS.—Yes, the Welland Canal. I speak under correction from the Minister of Public Works, but I think that the works connected with lowering the Welland Canal to the level of Lake Erie are properly chargeable to capital.

I hold in my hand the Estimates for the present year. I shall not do more than just glance at them. In making them up there has been an

endeavor to separate the two classes of works to which I have alluded—works which in the opinion of the Government ought to be chargeable to construction, and works the expenditure on which ought to be defrayed out of ordinary revenue. The Government believe it desirable to limit as much as possible expenditure on public works not chargeable to the ordinary revenue, and are prepared to co-operate with the House in providing for the construction, out of ordinary revenue, of all the public works that could reasonably be so charged. On the other hand, however, I am scarcely prepared to go the length in this direction of my honorable friend who preceded me. He went into the subject very carefully and treated it on the whole very fairly. He says :

" We have endeavored to scrutinise every item of expenditure which could possibly be subject to reduction ; and to-night I would appeal to the magnanimity, forbearance and patriotism of my friends around me not to ask for any expenditure on any particular works and services which, however advantageous or useful in themselves, can possibly be postponed. These works cannot be gone on with this year, unless we resort to increased taxation, or borrow money for the purpose. In regard to such works as the renewal or extension of wharves, harbors, piers, light-houses, &c., I think we ought not to borrow money for that; as for the opening up of the North-West, that is not in the same category ; the cost of that territory may be fairly charged on posterity, the money necessary to pay for it ought to be borrowed, as also a further sum towards opening up a communication with it, for once we have it in possession we must take efficient and energetic means of getting at it. And the charge for those great works may, I think, be fairly entailed on posterity ; but ordinary works, such as custom houses, post offices, and the others I have mentioned, do not come under the same category. If a man's house is too small for his present position, or if he wants any alteration in the interior arrangement of the rooms, such a work ought to be paid for out of his ordinary income or not undertaken at all until his income will bear it, and so it is with respect to these local works."

I am not quite prepared to go that length, because when I find public works of considerable importance are really absolutely necessary, I am not prepared to say that we are to postpone them for an indefinite period simply because we have not ordinary revenue enough to meet the expense, even if it were at a time when it would probably be necessary to find increased revenue for carrying on the services of the country, especially if it were at a time when the ways and means can be found to meet the expenditure on these works without pressing in any way heavily upon the people. For instance, we have been talking about opening up the great Western Territory, I venture to say that no one would deem the expenditure connected with that undertaking chargeable to ordinary revenue. The same may be said of certain works of a permanent character of the class which are glanced at by Mr. Rose in the passage which I have just read from his speech of last session.

HON. MR. HOLTON.—My hon. friend was kind enough to permit interruptions in the course of his statement. Whenever he finds interruptions inconvenient, I shall refrain from them promptly on intimation from him. Before passing from his reference to the financial movement of the year 1868, I think it is desirable that he should show the actual surplus or deficit of that year, and not merely the variations in Mr. Rose's estimates and the actual results. That may be very interesting, but not by any means so interesting as a statement of the result of the financial movement of the year ending 30th June last—whether there was a deficit or a surplus, and the amount of such deficit or surplus.

SIR FRANCIS HINCKS.—Well, Sir, that depends altogether upon the way that you treat the account.

HON. MR. HOLTON.—According to your own way.

SIR FRANCIS HINCKS.—According to my calculation there is a surplus of \$341,090, including, I wish the Committee to understand, the Great Western Railway debt, and the profits arising from the the Intercolonial Railway Loan. The premium obtained on that loan was considerable. With regard to this item, I may just say that it has always been the custom to include items of that nature in the ordinary revenue. No change whatever has been made in the manner of keeping that account. But it so happened that in this case, the transaction being unusually large, the profits arising from it were also unusually large, which, as in the case of other transactions of a similar character, went to the credit of the Government as ordinary revenue. There has always been an account for premium and discount, and this account is credited with all the money gained in transactions of this kind, and debited with all the costs. Of course, it would be very unfair to charge against the management all the expenses connected with the loan, and at the same time refuse to give credit for the amount which was gained by the transaction, which really and truly ought to be considered as a profit, less the charges which were incurred in carrying out the transaction. The total amount of premium on the loan was..... \$551,082  
Less charges..... 170,641

Leaving a net profit on the transaction of.....	\$380,441
Calculating this amount as part of ordinary revenue, there was	

a surplus last year of.....	341,090
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But leaving that amount out of the calculation altogether—for

I am perfectly willing that hon. gentleman should understand how the account will thus stand—there was a deficit of. \$ 39,350

HON. MR. HOLTON.—That leaves the Board of Works untouched.

SIR FRANCIS HINCKS.—Yes.

MR. MACKENZIE.—Including the salaries of the toll-collector on the Welland Canal, and offices of a similar character.

SIR FRANCIS HINCKS.—Including whatever is found under that head.

MR. MACKENZIE.—Which amounts to \$555,000.

SIR FRANCIS HINCKS.—My honorable friend must bear in mind that there are a good many items under that head about which there can be no possible dispute; no one would deny that they should be charged to construction. Among these items my hon. friend will find one of money expended on the Intercolonial Railway.

MR. MACKENZIE.—Yes, of course, and the Fort William Road too.

SIR FRANCIS HINCKS.—It will not be contended that these expenses should be charged to ordinary revenue. I am not prepared to say that there may not be some items under the head of Public Works, if they were all analyzed, which might properly be charged as ordinary expenditure. I am strongly of opinion that as many of this kind of items as possible should be charged as ordinary expenditure. I am prepared—and I know my colleagues in the Government are equally prepared—to go strongly in that direction. But while there may be items under the head of Public Works which are perhaps more properly chargeable as ordinary expenditure, I say the great bulk of them could not reasonably be expected to be defrayed out of the ordinary revenue of the country.

Then, I consider there is no great reason to be dissatisfied with the condition of affairs during the year 1868-9—which was a year of deficient revenue—at all events as compared with the estimated revenue upon which the Minister of Finance relied when he brought down his financial scheme. On the whole, there is no cause of despondency with respect to the finances of that year; though there was a very small deficit, it was covered, as I have already stated, by the profits connected with the Intercolonial Railway Loan.

It being six o'clock the House rose. After recess,

SIR FRANCIS HINCKS resumed and said—

At six o'clock, Mr. Chairman, I had just arrived at that stage of my remarks which had reference to the Revenue and Expenditure of the current year. A statement of the Receipts and Expenditure up to 28th February, is in the possession of hon. members, and I will call their attention to it.

Sir, I am gratified in finding that there is every reasonable ground for believing that the Revenue for Customs will quite reach the estimate of my honorable predecessor. The estimate was taken at \$8,600,000. On the 28th of February there had been received \$100,000 less than the average. Taking it for each month, the average, is  $8\frac{1}{2}$  per cent. per month, and there had been received up to that time  $66\frac{1}{2}$  per cent. of the revenue. Well now, Sir, we had four months left of the year. Since that statement was laid before the House, I have been able to get the Returns for March, and these Returns have reached 10 per cent., being something over the average; but it is to be observed that we have gone through two or three of the worst months of the year for revenue, and that the months to come are generally over the average. Therefore, I think, we may fairly anticipate that the Customs Revenue will be equal to the estimates.

Then, with regard to the Excise Revenue, my friend beside me, the Minister of Inland Revenue, assures me that we can rely on a surplus of \$115,000. From the Returns, as far as we can judge, there will be an increase in the revenue from tobacco of.....\$115,000  
And an increase in the revenue from petroleum of..... 85,000

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a very considerable increase, indeed, over the estimate, which was only \$120,000. These give a total increase of..... 200,000  
But there is an estimated decrease in the revenue from malt of..... 85,000

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The revenue from Spirits will be about equal to the estimates, so that we expect an increase under the head of Inland Revenue of..... \$115,000

On the other hand there is a probability that the miscellaneous revenue will hardly equal the estimates, but I feel very sanguine that on the whole the receipts for the current year will fully equal the estimates.

HON. MR. HOLTON.—What was the total estimated revenue?

SIR FRANCIS HINCKS.—The total estimate was \$14,650,000.

Now, Sir, it will be recollect that my hon. friend and predecessor anticipated a surplus revenue on the year. He says in his statement: "This leaves a very small, but, I believe, a very certain balance of \$308,786 on the right side of our account." We may have some supplementary estimates to bring down, not to any large amount, and I feel quite satisfied that on the transactions of the present year, we may be perfectly sure that the expenditure will not exceed the estimates always, providing—and I wish this distinctly understood,—that there are not any extraordinary votes required which no one could anticipate, and which under existing circumstances we may have to bring down. But to that I will refer on another occasion. At present we are dealing with ordinary circumstances.

HON. MR. HOLTON.—Then, there is a possible deficit?

SIR FRANCIS HINCKS.—No, no. I have every reason to believe that the revenue will be equal to anticipations. That I stated most distinctly. There was this surplus. There is a slight excess in the expenditure for subsidies of \$5,000, but that is the only excess at present; and I think that, keeping out of view anything extraordinary that could not have been anticipated at the time, that there is no reason whatever to doubt that there will be the surplus expected by my predecessor.

HON. MR. HOLTON.—I must explain that I understood the hon. gentleman to say that the revenue would prove equal to the expenditure, thus admitting that there was no surplus. I now understand him to say that the surplus of Mr. Rose will be realised.

SIR FRANCIS HINCKS.—Yes. I do not think it is necessary to make any further observations with regard to the transactions of the current year.

I now approach the present year, the estimates for which are already submitted to the House. These estimates amount to \$23,915,917. Of these, there are public works and buildings chargeable to capital account, \$8,486,700. Of course they are not yet brought under the consideration of the House. There are, of course, included in this, a variety of works of a public character, and all I can say is that there is a considerable number of these that the Government will at once say that they must have other means of providing for them than the ordinary revenue of the year. Then, for the present deducting, as proposed by the Government, the amount of public works, \$8,486,700, deducting also certain railway subsidies, chargeable to the provinces, and also the amount, \$322,000, which is for redemption of debt on the year, and which is not of course a charge against the ordinary revenue, and you have the actual amount of estimated expenditure very close upon \$15,000,000.

I shall glance at a few among these items in which an excess appears over the estimates of the preceding year. One of these to which I shall advert, is the amount for the census, which in round figures is about ..... \$150,000  
There is an increased amount for emigration of ..... 36,000  
The public works chargeable against ordinary revenue is ..... 42,000

beyond what it was last year.  
There is an increase under the head of Militia of ..... 182,000

but it will be borne in mind that great pressure was brought to bear upon my hon. friend, the Minister of Militia, as admitted by Mr. Rose—very great pressure to reduce the estimates under the exceptional circumstances of last year, to the lowest possible point.

Under the head of Fisheries, there is ..... 60,000  
a portion of which is caused by the necessity of protecting our fisheries.

Then there is an increase in the item of Subsidies, over the former estimate of ..... 75,000  
The increase on Light-houses is ..... 118,000  
On Penitentiaries ..... 10,000  
On Marine Hospitals ..... 5,000  
On Administration of Justice ..... 9,000

These items, in round figures, come to about ..... 700,000

Making the whole estimate about ..... \$15,000,000  
There will however probably be—in fact, there is no doubt whatever that there will be—an additional amount required, as supplementary estimate, of at least \$150,000, exclusive of a special vote of credit, which, under existing conditions, there was ground to believe would be necessary.

HON. MR. HOLTON.—The hon. gentleman was going to give us the aggregate amount ?

SIR FRANCIS HINCKS.—I have said about \$700,000. Now, Sir, under these circumstances, I will first of all—before stating the measures which the government propose to adopt for providing means for the services of the year—deal with the question of the ordinary services. I think that we are safe in taking the estimate of revenue under head of customs at what it was last year. There may be some doubt whether it is safe to take it at that, but I think upon the whole, we may put it at \$8,600,000.

The excise revenue I take :—

Spirits at.....	\$2,375,000
Malt at.....	200,000
Tobacco.....	630,000
Petroleum.....	170,000

With regard to this item, I am sorry to say that the government cannot accede to the very strong wishes that were expressed by many persons who are interested to repeal the tax on petroleum which has been very productive ; I do not think that it will be safe in the present state of affairs to do so. Then there are

Stamps, at.....	\$135,000
and small sources of internal revenue, such as License fees, &c., which are taken at.....	50,000
giving a total of .....	3,560,000
There are besides that various miscellaneous sources of revenue such as Post Office and Public Works, which I estimate at.....	2,500,000
giving an aggregate of.....	14,660,000

Well, Sir, it is the opinion of the government that it is absolutely necessary at this time to provide additional revenue, and it ought certainly to be some consolation to one who has to propose to increase the burthens of the people—it is some consolation to find that there has been a very general expression of opinion from all parts of the country that taxation ought to be increased. (Hear, hear, and laughter) I am bound to say that it is not often that a Finance Minister is placed in the position of being besieged from all parts of the country with demands to increase taxation. (Hear, hear.) It has been my duty, Sir, to consider most carefully the whole subject and to advise the best mode of raising that revenue which we consider to be absolutely necessary to obtain, in a manner which would press the least upon the people. (Hear, hear.)

I think, Sir, that one may fairly assume that any one who is placed in the position of requiring to obtain additional revenue naturally would look in the first place to those articles which are admitted into the country free of duty. (Hear.) That is the first class of articles that he would endeavour to obtain revenue from.

I think that perhaps the most convenient way of announcing the views of the government with regard to these duties would be to take in order the articles which are on the free list and on which we propose to ask the

House to consent to impose duties, and then to state the amount of duties which it is proposed to put on.

Well, Sir, first of all I will name flour. We propose to put a duty of 25 cents a barrel on flour (hear, hear);—we propose to put a duty of 15 cents on Indian meal and oat meal; four cents a bushel on wheat, and upon all other grain—such as barley, rye, oats, Indian corn,—three cents a bushel. These duties are certainly not excessive duties, and I believe that though from some of them no considerable revenue will be obtained, yet I think there is no doubt whatever that there will be an increase.

I will speak by-and-bye of the anticipations with regard to revenue which I have made from these changes. Then, Sir, upon coal and coke—

HON. MR. HOLTON.—Perhaps the hon. gentleman would tell us what he calculates to obtain upon these?

SIR G. E. CARTIER.—By-and-bye. It will come up presently, and then he will state.

SIR FRANCIS HINCKS.—Then with regard to coal and coke—we propose to put a duty on coal of 50 cents a ton,—(hear)—and upon salt of 5 cents a bushel. (Hear, hear, and cheers.)

Now, with regard to salt I would desire to make a very few observations. We propose to put a clause into the resolutions with regard to salt which I will read, It is that “salt from the United Kingdom and the British possessions, shall be free.”

HON. MR. HOLTON.—Discriminating duties. (Hear, hear.)

SIR FRANCIS HINCKS.—Yes, Sir. I have too fully considered the subject to fear the hon. gentleman interrupting me. (Cheers.) The question of salt, I think, is a very peculiar one, and I shall not in the least degree shrink from the discussion. (Hear.) It is not an ordinary case of protecting a manufacture of the country. The article is one certainly which every one desires to see admitted at the least possible price to the consumer. (Hear.) There is no question about that, and especially as it is an article so much used in our Fisheries. It is not an article which it is desirable to tax; but, Sir, we know perfectly well this fact that we have an inexhaustible supply of salt in this country; that there is ample competition in this country with regard to this article of salt; and that there is no danger whatever of any thing at all approaching to a monopoly. And upon the other hand, we know, Sir, this fact—and I am sure that every one who has paid the least attention to this subject knows it—that there is a gigantic monopoly on the other side of the line—(hear, hear);—and that it is simply a question whether this infant manufacture of salt in this country is to be put down by persons who—without any regard whatever to what the cost of it may be—would crush in some way or other that manufacture. (Cheers) I know, and have reason to believe, that these same monopolists have determined if possible to possess themselves of these works—(hear hear)—and then, Sir, if once they can succeed in doing that we should all feel the consequences of extending the monopoly which already exists, and under which this country suffered for a vast number of years until our

own salt works were opened. (Hear, hear, and cheers) I say, we should have that fastened upon us as an incubus which we should have to bear for a great many years hereafter. (Hear) We know perfectly well, Sir, what monopolists will do; there are very few of us I dare say who have not had experience of what stage coach proprietors, what steamboat proprietors will do—how they will suffer a loss in order to crush rivals who are endeavoring to carry on business.

HON. MR. HOLTON.—Sacrifice markets? (Hear, hear.)

SIR FRANCIS HINCKS.—No it is not a question of sacrifice markets—it is another question altogether. There is no doubt that occasions do arise—that there may be a surplus of goods which must be sent abroad to be disposed of; but it is not a probable thing, and I do not believe that such a case has occurred where manufacturers in the United States or any other country have sent goods with the deliberate intention of crushing out manufacturers in this or any other country. They simply wish to get rid of surplus stock, but in the case of salt from all the inquiries I have been able to make—and I have done my best to make myself acquainted with the facts—I believe that there is a deliberate intention of trying to crush our salt interests. If that be the case it must be dealt with exceptionally. (Hear, hear.) It is not the first time that articles have been admitted under discriminating duties in favour of British manufacturers, and most unquestionably we must all feel that it is quite impossible to impose duties upon salt for the use of our Maritime Provinces imported from England and the British possessions. But I feel satisfied that no feeling will arise from the manner in which we propose to levy the duties.

Then there is the article of hops upon which we put five cents per pound. We propose to repeal the specific duties at present upon animals of all kinds, which have existed and which were made specific for the purpose of meeting the case of animals imported for stock, to put them in the class embracing a variety of other articles, and specially exempting from the duty upon animals, animals imported for the improvement of stock under regulations. (Hear, hear,) My hon. friend the hon. member for London, has been pressing this point as well as other hon. members, and I think it desirable that an alteration should be made in the tariff. I propose to put an *ad valorem* duty upon animals of all kinds, making this exception in favour of animals imported for the improvement of stock. I will just read the articles upon which it is proposed to put this duty of ten per cent. *ad valorem*: Animals of all kinds, except such as shall be imported for the improvement of Stock, which shall be admitted free of duty, under regulations to be made by the Treasury Board, and approved by the Governor in Council: Fruits of all kinds, Hay, Straw, Bran, Seeds not classed as cereal, Grease and Grease Scraps, Vegetables including potatoes and other roots, Trees, and Shrubs.

There is one other article I will advert to here, which I propose taking from the enumerated articles in which it has been classed for some time, and placing it at a specific rate of duty. It is the article of rice,

and it is proposed to place the duty at a cent a pound. It will be understood that all these articles, except rice, will pay ten per cent.

Now, sir, having gone through that class of articles, which, having been free of duty, or at very low duties, we propose to subject to duty, we will next fully consider what is the fairest way of getting a considerable revenue without unduly pressing upon the consumers, and dealing quite fairly with all classes. I think taking it altogether, that the tariff is, on the whole as fair and as well devised as we are likely to make it, though of course there is room for some improvements. Therefore, I propose to put five per cent additional upon all duties, and in order to explain clearly what I propose to do, so that there may be no misunderstanding or no misapprehension, I will read the 13th resolution:

"That it is expedient to increase all the duties of Customs imposed by the said Act, as amended by the preceding Resolutions, by five per cent., that is to say, by adding to the amount of the duty which would be payable on any such articles under the said Act and preceding Resolutions, five per cent. of such amount, such increase and addition being made as well to any *ad valorem* duty as to any specific duty payable on such articles."

Hon. gentlemen will see that it is not five per cent of the value of the article but five per cent of all the duties, that is to be added. That there may be no possible misunderstanding, I will state the practical effect of that addition upon one class of duties. The practical effect upon all articles that pay fifteen per cent. *ad valorem* will be that they will now pay  $\frac{3}{4}$  per cent additional *ad valorem*.

HON. MR. HOLTON.—Is the addition upon the excise also?

SIR FRANCIS HINCKS.—No. The resolution declares—"That it is expedient to increase all the Duties of Customs imposed by said Act, as amended by the preceding resolutions, by five per cent, that is to say, by adding to the amount of the duty which would be payable on any such articles under the said Act and the preceding resolutions, five per cent of such amount, such increase and addition being made as well to our *ad valorem* duty as to any specific duty payable on such articles."

Well, Sir, the next proposition to which I will advert is the alteration in the clause,—repealing the clause and substituting a new clause for the old one—with regard to the manner of assessing the duties upon invoices, and in that respect we have adopted almost *verbatim* the system which is enforced in the United States, from which country we are pretty large importers, and we thought it was desirable to adopt exactly the practice they have with regard to their mode of calculating their duties. I merely intend to read the Resolution, which explains itself better than I can in any way:—

"12. That it is expedient to repeal Section Eight of the said Act " (respecting packages), and to substitute for it the following Section:—

"8. The value for duty of goods, on which an *ad valorem* Duty of Customs is imposed, imported into Canada by sea, shall be the actual value of such goods on ship-board at the last place of their shipment to

Canada; and the value of such goods for duty if imported from the United States by land or inland navigation, shall be the actual value of such goods at the place at which they are purchased for importation into Canada, and whence they are directly conveyed, without change of package, to Canada; and such value shall be ascertained by adding to the value of such goods at the place of growth, production, or manufacture, the cost of transportation, whether by land or water, and of shipment and transhipment, with all expenses included, from the place of growth, production or manufacture, to the vessel in which the shipment thereof is made to Canada, or to the place where the goods are purchased in the United States, and whence they are directly conveyed to Canada as aforesaid, and including also the value of any box, case, sack, package, or covering of any kind in which such goods are contained, and all export duties on such goods, and all costs and charges incurred in placing such goods on shipboard, or in the vessel, cars, or carriage, in which they are conveyed to Canada."

That is provided that there are no reductions made on the face of the invoice, and the full value of the goods shall be assessed. This includes everything that is in the invoice.

HON. MR. HOLTON.—Then, British goods invoiced to New York would be subject to all the charges of bringing them to New York, while the same goods shipped directly from Liverpool, or other British port, would be subject to all the inland revenue charges on British goods. I take it, that would be the effect of the hon. gentleman's proposition.

SIR FRANCIS HINCKS.—If goods were brought in bond, I presume that would be the effect.

The next proposition for additional revenue is on an article of very general consumption and on which it is necessary at all events, in our opinion, to make a material change in the manner of assessing the duties. I allude, Sir, to tobacco and the manufactures of tobacco. Now, Sir, a great complaint has been made of the system of charging duties upon tobacco and tobacco manufactures. All the tobacco manufacturers have been dissatisfied, and in communications which I have had with them—and of course, I do not wish hon. gentlemen to suppose for one moment that in considering this subject I paid any great attention to the persons who were engaged in a trade of that description, and who naturally are influenced by their own interest, and who have no great regard for the interest of the class of the people—upon whom the duty must ultimately fall; but certainly, as far as the manufacturers are concerned, I am bound to say I did not find there was any aversion to an increase in the revenue being obtained from tobacco. But they complained of the manner in which the duties are levied. By the present system the duty on cigars is levied by the thousand. First of all there are cigars which are rated at \$10 a thousand; then under \$20 a thousand; then under \$30 a thousand, and \$40 and so on, they are assessed at different rates by the thousand. The manufacturers complained very much indeed, that large

quantities of German cigars which were invoiced at very low rates, and come in under the lowest class of duties, while they are subject to a much higher duty here upon cigars of the same quality. Whether they made a case or not, I have determined to adopt the English system which is to levy the duty by the pound upon all cigars. This course has been taken in England and I believe has been very satisfactory. (Hear, hear.) Of course I am dealing at present with duties on customs and not with excise duties, we propose that the customs duty upon cigars shall be 45 cents per pound. (Hear, hear.)

The only other articles that I am aware, I need refer to, are vinegar, and acetic acid, which have been placed at 10 cents per gallon. Then, Sir, with regard to tobacco and snuff, we propose to make the duty  $12\frac{1}{2}$  per cent. *ad valorem*, and 20 cents per pound. I will now refer to—

**HON. MR. HOLTON.**—Do you intend to place a duty on manufactured tobacco alone, or on unmanufactured tobacco also?

**SIR FRANCIS HINCKS.**—I intend to place duty on manufactured tobacco, but not on unmanufactured. There are some little changes to be made, but they are really mere matters of form, and are mere questions of the mode of collecting the revenue. There will be an alteration in the mode of assessing the duties on spirits and strong waters; but it is not proposed to raise the duties upon them at present. But there are various articles called perfumed spirits, and other articles containing alcohol, which are imported and which do not pay duties imposed upon spirits. It is proposed to make them pay a duty, but the alteration under that heading is really of no material importance.

The only article that I have not adverted to, I believe, in the customs from which we are trying to get an increase of revenue is wine. We propose to increase the *ad valorem* duties on wine from 20 to 25 per cent. with a specific duty of ten cents per gallon. I will now refer to other articles that we propose to strike out of the free list, that I have not spoken of in the list of unenumerated articles.

**MR. MACKENZIE.**—That is, to put them in the 15 per cent list.

**SIR FRANCIS HINCKS.**—Yes, amongst these articles are steam fire engines on which there are special exceptions, which we do not propose to continue.

**HON. MR. HOLTON.**—Hear, hear.

**SIR FRANCIS HINCKS.**—My hon. friend says “hear, hear,” but he will perhaps allow me to explain. There is an exception now on steam fire engines when they are imported for the use of municipalities. I do not see why that exception should continue. It does not seem altogether fair that our own manufacturers, who are capable of producing quite as good an article as can be imported from the United States, should be taxed 15 per cent. for the materials used in the construction of these steam engines, when they are exposed to competition for the manufactured article itself, by free importations from the United States. I can see no reason why municipal corporations should not pay duty when they import such

articles, for they can get them made in this country as well, and in a way to give as much satisfaction. Where there have been exceptions on particular kinds of machinery, we propose to strike those exceptions out, and place all machinery on the same footing.

HON. MR. HOLTON.—We proposed that last year.

SIR FRANCIS HINCKS.—There are a few other articles of a rather trifling character, but which still ought not to be continued on the free list—gold and silver leaf, emery paper and emery cloth, sand paper and sand cloth, and platers' leaf. Then there are a few articles which it is proposed to insert in the free list, that have hitherto been subject to a duty, and one or two articles upon which it is proposed to allow a drawback. We propose to allow a drawback upon iron used in the construction of composite ships.—(Hear, hear.) We also propose to allow a drawback of duty on tin used in packages for exportation. Tin is used pretty extensively in the several exporting trades, just as in point of fact iron is used in the composite ships built here and sent abroad. It is used largely in packages in which petroleum and preserved fish are exported, and it is scarcely fair that it should be subject to a duty, and when exported afterwards that there should not be a drawback upon it. Of course no duty would be collected if it were imported in bond for re-exportation, and it is only fair to allow a drawback when it is exported in the way I have mentioned.

MR. WORKMAN.—The hon. gentleman does not, of course, include block tin?

SIR FRANCIS HINCKS.—No, it is only tin in sheets.

MR. WORKMAN.—That is tin plate, as it is called.

SIR FRANCIS HINCKS.—Yes, the tin imported in sheets, and used in packing fresh fish and other articles of that kind. I have now, Sir, gone through the articles in regard to which we propose changes in the tariff of customs.

SIR ALEXANDER GALT.—The hon. gentleman has not yet stated what he proposes to put in the free list.

SIR FRANCIS HINCKS.—Well, we propose first of all to strike out in the free list certain words under the head of colors. There are eight or ten of these articles of colors which are free under certain circumstances. I will read the clause of the tariff referring to them, and hon. gentlemen will then see better the change proposed :—

“ Colors and other articles, when imported by room-paper makers and “stainers, to be used in their trade only :—Bichromate of Potash, Blue “Black, British Gum, Chinese Blue, Lakes, Scarlet and Morone, in pulp, “Paris and permanent Greens, Satin and fine-washed White, Sugar of “Lead, Ultra Marine, Umber Raw.”

We propose to strike out these qualifying words, “when imported by “room-paper makers and stainers, to be used in their trade only,” and allow those articles to be free under all circumstances. They are not only used by room-paper makers and stainers, but in other branches of manu-

factures, and there is no reason why the duty should continue in one case and not in the other. Then Bookbinders' mill-boards and binders' cloth are other articles on which there is a heavier duty than on books. It seems to me to be a case of hardship to make bookbinders pay 15 per cent on the raw materials used in their business, while books themselves in their finished state are admitted at 5 per cent. We propose to admit them free, and add to the free list also iron wire, and brass in stripes. Then there is a verbal correction under the head of iron which I will mention. My hon. friend from Montreal (Mr. Workman) perhaps knows that the article of iron in blooms and billets reads as if they were puddled. I believe, as a matter of fact, that they never are puddled, and I propose to add words that will prevent misconception. I have now, Sir, gone through the classes of articles in regard to which we propose changes in the Customs, and I will next refer to the Excise.

MR. MACKENZIE.—There is no change in books.

SIR FRANCIS HINCKS.—No, I propose no change in respect to them. I think it is desirable to avoid as far as possible troublesome questions of that kind.

Mr. MACKENZIE.—Hear, hear.

SIR FRANCIS HINCKS.—Having changed the Tariff of Customs, it is necessary to make corresponding changes in the Excise duties. The first article in regard to which we propose a change is tobacco. There are two classes of tobacco on which duties are charged—one upon which the duty is 5 cents and the other 10 cents. We propose to put them at 10 and 15 cents respectively. Upon cigars we propose to place a duty of 30 cents per pound, this being about a fair equivalent for the Customs duties. Now, Sir, we calculate by this means on raising an additional revenue of \$1,100,000.

SIR ALEXANDER GALT.—You do not alter the duties on spirits or beer?

Mr. MACKENZIE.—Or malt or petroleum?

SIR FRANCIS HINCKS.—No, we propose no changes. Although, Sir, I may not go into quite as much detail as the hon. member for Chateauguay would like,—for I see he is taking down very closely my figures—I do not know that he is entitled exactly to tie me down to every particular article; but I will give him an estimate under the principal heads.

Hon. Mr. HOLTON.—I assure my hon. friend that I will not consider him personally liable for failure in these estimates. I only want the estimates themselves. (Hear, hear.)

First of all I shall take the most important, although for convenience sake it was not the first referred to. I shall set down under four different heads what we anticipate. From the change with regard to the addition of five per cent we anticipate \$425,000; from packages, \$125,000; making altogether under that head \$550,000. From rice and wine, in round figures, \$25,000 each; and from tobacco and cigars, taking them

together, Customs and Excise, we expect \$300,000. From all other articles which have been in the free list I don't venture to anticipate a larger amount of duty than \$200,000. There are some articles on which there is no very great probability of receiving much duty, but I have no doubt we shall get some duty from coal and Indian corn, though it is hardly possible to say we will get duty from every article we put on the list. There is a necessity for dealing with all articles we find on the free list, and I imagine there is no reason why we should not remove many articles from it even though not likely to be imported.

HON. MR. HOLTON.—We don't import wheat, and why should we place a duty on it?

SIR FRANCIS HINCKS.—I dont say that we will not import wheat.

HON. MR. HOLTON.—What as to oats?

SIR FRANCIS HINCKS.—I dont think there will be a very large duty on that item. (Hear, hear.) But as we are not importers of oats there can be no harm whatever, in allowing that item to remain on the tariff. (Hear.)

HON. MR. HOLTON.—Will you allow me to ask you a few questions as to the articles on which you propose to impose duties?

SIR FRANCIS HINCKS.—Certainly.

HON. M. HOLTON.—I think they are as follows—flour, meal, wheat, coal, salt, hops, animals, fruits, roots, steam-engines—all articles which have been taken from the free list, and from which you expect to get \$200,000; am I correct in the enumeration?

SIR FRANCIS HINCKS.—You have named them correctly. My hon. friend called attention to the words national policy. Well, my idea is that we ought to do exactly what we think is for our own interest; and several of these articles were allowed to remain on the free list heretofore simply because negotiations were going on from time to time with the United States, with reference to the renewal of the Reciprocity Treaty.

I cannot do better than state the views of my predecessor on this point. He says, in the course of his Financial Statement last year, speaking to the Americans:—

“ We have allowed your coal to come in free, though you charge a “ heavy duty on ours. We allow your flour, grain, hops and salt, and “ other articles to be imported free, while you not only do not reciprocate, “ but you specially discriminate against our millers by charging more on “ flour than on grain. This state of things,” we might fairly add, “ has “ gone on for three or four years, but you must understand it cannot “ continue. (Hear, hear.) The time may soon come when we may “ require to have a national policy of our own, no matter whether that “ national policy may sin against this or that theory of political economy. “ (Hear, hear.) For we must be guided chiefly, if not solely, by con- “ siderations affecting ourselves, and we may have to consult our self- “ interest without consideration for others.”

Well, Sir, I believe the time has gone by when we should continue entirely

to exempt from duty those very articles to which reference has been made. I certainly do not think we can be charged with proposing any very exaggerated tariff, or one that will expose us to any strong charge on the score of being protectionists. On the contrary I am very much afraid that many of our friends who are strong advocates of protection will be very much dissatisfied with the propositions we have made. Because it is perfectly clear that the tariff as a whole is strictly a revenue tariff, and as such I hope it will receive the support of the House. (Hear, hear.) I have now only to thank the Committee for the attention with which they have listened to me, and to apologise for having taken up so much of their time. (Cheers.)

In reply to Hon. Sir ALEX. GALT,

SIR FRANCIS HINCKS.—My hon friend has pointed out several shortcomings on my part in his speech which he has just made. I stated at the outset that I would not follow the usual plan of going into a long discussion in reference to the state of the affairs of the country, but that I would confine myself to the subject more immediately before the House. I really do not feel myself specially called upon to take up *seriatim* the objections raised by the hon. gentleman. I think that some of my colleagues are better able at the proper time to reply to the remarks which the hon. gentleman states that he will bring up at a future stage. He says I have given no information on the subject of Dominion Notes. I did not think it necessary to go fully into that subject, because I thought it had been sufficiently explained when the matter was under discussion that there is no prospect of our deriving any revenue from those notes this year.

The charter of the Bank of Montreal does not expire till after the next session of Parliament, and until the expiration of that charter we have to pay the Bank of Montreal five per cent on the amount of notes circulated.

SIR A. T. GALT.—Do I understand the hon. gentleman to say that the Bank of Montreal shall continue to issue Dominion Notes until the end of 1871.

SIR FRANCIS HINCKS.—Certainly. I can see no reason otherwise. By law the arrangement exists during the existence of the charter.

SIR A. T. GALT.—The law provides that you can give them notice or they can give notice to you, that the arrangement shall be closed at the end of 6 months.

SIR FRANCIS HINCKS.—The hon. gentleman is mistaken.

HON. MR. HOLTON.—The hon. gentleman has stated in the committee of Public Accounts that these notices have been given by the Government.

SIR FRANCIS HINCKS.—I did not say so. There is one notice merely terminating the agency arrangement. That notice does not terminate the claim of the Bank of Montreal to receive five per cent upon the amount of their circulation. The notices which have been given are simply these :

To terminate the arrangement by which the Government are bound to keep a specific deposit in the Bank of Montreal;

Another notice to close the arrangement by which the Government are bound not to deposit in any other Bank than the Bank of Montreal;

And another, that the Government should employ the Agency of the Bank of Montreal for redeeming their notes under a certain arrangement.

All these notices have been given, and the arrangements will terminate in about six months.

Now, Sir, with regard to the Intercolonial Loan, I am not aware that the position of matters was altered, it certainly was not altered recently. The matter was very fully explained last Session, and there has been no material alteration since then.

The payment of the £300,000 for the Red River territory has been deposited, and is now practically beyond the control of the Government.

SIR A. T. GALT.—Then you paid the Intercolonial money for the Red River territory?

SIR FRANCIS HINCKS.—Not necessarily that money.

HON. MR. HOLTON.—You paid it from the pocket into which the Intercolonial Loan went?

SIR FRANCIS HINCKS.—Certainly, you can put it in that way if you like.

Then with regard to the explanations which he said were necessary regarding the state of the finances, as the Government did not require to come to this House for assistance in raising any further money than by he mode spoken of. I did not think it was necessary for me to make any statement on the subject. Other opportunities will be offered for making any explanations necessary.

The Red River question is one of great seriousness, but at this hour of the night I do not intend to enlarge upon it. I think I made it sufficiently plain that there would be a demand for money, and that there would be a supplementary estimate brought down. I did not say exactly in regard to Red River, but there is no other matter for which we could have to ask for the money. With regard to fortifications, I may say that correspondence is still going on with the Imperial Government on the subject, and I do not apprehend that there is any fear of difference with the Imperial Government on that or any other subject. My hon. friend charges me with not having come forward with any plan for reducing the expenditure. I could not conscientiously do so; I saw no prospect of reducing the expenditure. He stated one mode through which he thought a reduction could be made: it was with reference to the management of railways in the maritime Provinces. I did not come here this evening prepared to discuss that question, and I feel there are others of my colleagues who are better able to discuss that subject when the proper time arrives. Of course, if he refers to me as not having made any particular suggestions on the subject of economy, it must be borne in mind that after all the Fi-

nance Minister has very little to do with the spending departments of the government. (Hear, hear.)

SIR A. T. GALT.—The remarks I made of that kind referred to the spending departments. Far be it from me to make any reprobation to the hon. gentleman; I merely spoke of him as the mouth piece of the Government.

SIR FRANCIS HINCKS—The Finance Minister is in the unfortunate position of having very little to do with the spending of the money for which he has to ask the House. The hon. gentleman referred particularly to the Militia department. All I can say in reference to that is this: that although there is an increase over the revised estimate of last year, yet it is to be recollect that every effort was made at that time as the revenue was falling short, to keep down the expenditure; and the only way of further reducing the expenditure was by not doing things that ought to be done. (Hear, hear.)

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